

Message Text

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ACTION SS-25

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O R 081201Z MAR 76
FM AMEMBASSY CAIRO
TO SECSTATE WASHDC IMMEDIATE 0770
INFO AMEMBASSY BONN
AMEMBASSY PARIS
AMEMBASSY TEHRAN
AMEMBASSY TOKYO

C O N F I D E N T I A L CAIRO 3044

EXDIS

DEPARTMENT PASS NEA/EGY FOR AMBASSADOR EILTS
FOR UNDER SECRETARY ROBINSON FROM CHARGE

E.O. 11652: GDS
TAGS: EAID EGEN GW EG
SUBJECT: EGYPTIAN BALANCE OF PAYMENTS RELIEF

REF (A) STATE 55665, (B) CAIRO 2976
(C) CAIRO 2849, (D) STATE 52899

1. AFTER BEING UNABLE TO CONTACT FONMIN FAHMY OR HIS
CHEF DE CABINET EL BAZ EVENING OF MARCH 7 FOLLOWING
DEPARTURE OF SECRETARY SIMON FROM CAIRO, I WAS FINALLY ABLE
TO REACH FAHMY BY PHONE AT HIS APARTMENT MARCH 8 (AN
EGYPTIAN HOLIDAY), TO RAISE WITH HIM MATTER PROPOSED REFTEL A.
I ASKED WHETHER EL BAZ HAD PASSED ON TO HIM POINTS CONTAINED
REFTEL D WHICH I HAD CONVEYED FRIDAY MARCH 5 (REFTEL B) BEFORE
GOING TO LUXOR TO BRIEF SECRETARY SIMON. I APOLOGIZED
FOR COMPLICATED NATURE OF FINANCIAL PRESENTATION AND NOTED
THAT SHAFEI OR HIS DEPUTY GHANDOUR WERE CONVERSANT WITH
THIS MATERIAL AND COULD BE OF ASSISTANCE IN PRESENTATION.

2. FAHMY ACKNOWLEDGED THIS AND SAID THAT EL BAZ HAD BRIEFED
HIM, BUT NOTED THAT HE HAD ALREADY SPOKEN TO GERMAN AMBASSADOR
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STELTZER MARCH 2 (AS AMBASSADOR EILTS HAD REPORTED IN REFTEL C),

AND ASKED HIM FOR LOAN CONTRIBUTION OF DM DEPEAT DM ONE BILLION. HE DID NOT EXPECT THAT EGYPT WOULD RECEIVE THAT AMOUNT, BUT HOPED THAT ONE-HALF THAT SUM MIGHT BE MADE AVAILABLE BY GERMANS. FAHMY SAID HE TOLD GERMAN AMBASSADOR OF HIS HOPE THAT THIS COULD BE KEYED TO PRESIDENT SADAT'S FORTHCOMING VISIT TO FRG BEGINNING MARCH 29.

3. FAHMY OBSERVED (AS REPORTED IN REFTEL C) THAT GERMANS WOULD PREFER TO PARTICIPATE IN CONSORTIUM. HE TOLD STELTZER TO ASK HIS GOVERNMENT TO TAKE LEAD BY ANNOUNCING ITS INTENTION TO PARTICIPATE IN CONSORTIUM TO AID EGYPT. HE SUGGESTED THERE WOULD BE NO NEED TO MENTION AMOUNTS IN SUCH ANNOUNCEMENT. FAHMY THEN REQUESTED THAT UNDER SECRETARY ROBINSON, WHEN HE VISITED FRG THIS WEEK, HELP PREPARE WAY FOR SUCH A GERMAN ROLE AND ASKED THAT HE BE INFORMED OF RESULTS OF ROBINSON'S TALKS WITH GERMANS BEFORE SADAT VISIT.

4. FAHMY COMMENTED THAT HE WOULD RAISE MATTER OF ASSISTANCE WITH FRENCH WHEN PRESIDENT SADAT STOPPED IN PARIS AFTER FRG VISIT. IN RESPONSE TO MY SUGGESTION THAT IT WOULD BE USEFUL FOR HIM TO SPEAK TO FRENCH AMBASSADOR BEFORE ROBINSON'S VISIT TO PARIS LATE THIS WEEK, HE AGREED TO CALL IN DE LEUSSE TOMORROW (MARCH 9) AND SAID HE WOULD ASK FOR CONTRIBUTION OF \$50 MILLION FROM FRANCE. HE ALSO ADDED THAT HE WOULD CALL IN JAPANESE CHARGE AND REQUEST ASSISTANCE IN THE AMOUNT OF \$250 MILLION. FAHMY REMARKED THAT ALL JAPENSE OFFICIALS UP TO AND INCLUDING PRIMIN ARE USUALLY AGREEABLE, BUT ALWAYS BLAME THE FINANCE MINISTER FOR THEIR INABILITY TO MAKE SUBSTANTIAL CONTRIBUTION.

5. FAHMY ADDED THAT IRANIANS, WHILE THEY WOULD BE UNABLE TO MAKE CONTRIBUTION BECAUSE OF THEIR BALANCE OF PAYMENTS SITUATION, HAD TOLD HIM THEY WERE READY TO PROVIDE GUARANTEE FOR COMMERCIAL LOAN IN ANY AMOUNT WITHIN LIMIT OF \$500 MILLION.

6. COMMENT: AFTER MY INITIAL MENTION OF POSSIBLE SHAFEI/GHANDOUR ROLE, I DID NOT PURSUE THIS MATTER SINCE IT SEEMED UNLIKELY THAT FAHMY WOULD CALL IN GERMAN AMBASSADOR
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AGAIN TO MAKE DETAILED FINANCIAL PRESENTATION AS SUGESTED BY REFTEL D. GIVEN NATURE OF BOTH FAHMY'S AND FRENCH AMBASSADOR'S PERSONALITIES, IT IS DOUBTFUL THAT FORMER WOULD BE PREPARED TO MAKE SUCH FINANCIAL PRESENTATION AND THAT LATTER WOULD BE WILLING OR ABLE TO ABSORB ALL THOSE DETAILS. PERHAPS THE BEST APPROACH MIGHT BE FOR UNDER SECRETARY ROBINSON TO RECOMMEND TO BOTH GERMAN AND FRENCH GOVERNMENTS THAT THEY HAVE THEIR EMBASSIES CONTACT MINISTER OF

ECONOMY SHAFEI TO OBTAIN DETAILED PRESENTATION OF EGYPTIAN
BOP AND FOREIGN EXCHANGE POSITION. DURING FLIGHT BACK FROM
LUXOR WITH SECRETARY SIMON, I TOOK OPPORTUNITY TO REVIEW
FINANCIAL PRESENTATION WITH MINISTER OF FINANCE ABU ISMAIL
WHO, MOE THAN SHAFEI, IS HELD RESPONSIBLE IN CABINET FOR
PROMOTION OF EGYPTIAN COLLECTION EFFORT. IF DEPARTMENT
WISHES, I CAN ALSO REVIEW FINANCIAL PRESENTATION WITH
DR. SHAFEI TO TRY TO ENSURE THAT HE MAKES ESSENTIALLY SAME PRESENTA-
TION
HERE AS ROBINSON IN BONN AND PARIS.
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